The idea of relabeling all existing assembled products is a monumental and intimidating challenge. In thinking about the current problems, I am sharing the following list of issues I can quickly think of that contribute to the complexity of this situation:

1. **NOT POSSIBLE IN ASIA:** Much of the inventory is already assembled in Asia and in the bonded containers or FTZ zones awaiting booking for ocean transport to our Florida warehouse. Our logistics companies can't do any relabeling work while the goods are still awaiting import to the USA. Our multiple Transfer Orders for cargo already have the documents filed with origin country export. Additionally, all shipments already have documents filed for USCBP (United States Customs Border Patrol) ISFs (Import Security Filings) to execute our streamlined customs clearance process under our pre-authorized ACH agreements.
2. **USA WAREHOUSE CONCERNS:** The only possibility is to conduct a massive relabeling campaign in the USA warehouse, which is unlikely to complete successfully due to the following reasons:
    a. The 3PL (Third Party Logistics) warehouse provider does not have any workspace, labeling, and labor infrastructure to conduct such a labor-intensive request. It is a facility of pallet racks, forklifts, and pallet jacks for the receiving and shipping of product (see photos). They do not have what it would take to conduct a repack and label regime.
    b. We are one of many customers of the 3PL warehouse.
    c. The 3PL warehouse is over capacity and has had to shift some of the overflows to other areas, which they have already demonstrated inconsistencies of tracking well. For example, they currently can not locate ~$28.5k of our inventory after multiple cycle counts.
    d. They are severely resource-constrained for various reasons, resulting in a significant turnover of all positions assigned to our account. Not a single person we trained at the beginning of the contract in 2020 is still employed there. While we've invested much time and money in re-training new personnel, their insufficient resources have not been successful. This is why they are not meeting any of the performance metrics in our contracted agreement (SLAs).
        i. Most of the industry suffers similar issues from all trade publications, webinars, and attendance to the most recent CSCMP Supply Chain conference highlighted the same problems in many areas and enterprises.
    e. The 3PL warehouse does not do this type of work regularly. This equates that they could not perform the task well given their core competency in "d" struggles. It would be a non-routine task that would require a time-study before they even quoted the work and provided us an estimate of cost, throughput rate, and lead time if they would accept our request.
3. **COMPLEX PROCESS STEPS:**
    a. All packaging labels are treated as controlled artwork by our Engineering department when they release a new product for production. There is already a backlog on ENG, which has yielded multiple days of delay for new product labels. This would be an initial bottleneck. The procedure our Engineering department must follow to change labels is regulated by the FDA, and is attached to this e-mail.
    b. Our Contract Manufacturers produce labels in Asia with MOQs (Minimum Order Quantities) of ~2k pcs (product dependent). I don't know their lead time for the labels

as they are inside the ~60 days lead time for manufacturing, packaging, and labeling the product once complete.

c. Once labels are in our possession, each item is separately labeled inside the master carton, with two labels. Every single item would need to be opened out of the cases, of which there would be many thousands, and then be put back into the same serialized cases they originated from. It is improbable this would occur in a high-accuracy way given the volumes, lack of know-how, no infrastructure, and labor shortages today.

d. We pay for every task the 3PL warehouse performs on a transaction basis. That is, there is an agreed upon price for every single task they perform, no matter how minor. For example, when they receive an order, we pay a fee for them to receive the e-mail and print the order. If they were to consider performint this task, they would first do a time study—and a different time study for each product—to see how long it takes to perform this task. And they would require us to amend our contract with them to include this service in the contract.

e. Every case opened is a risk of damaging boxes, mislabeling through error, and losing traceability due to the non-standard nature of the work.

f. We would need to travel QC resources to the WHSE for the entire duration of the work to conduct oversight and inspection, similar to our First Article inspection and Final AQL inspections done during the manufacturing process. This is the only way to stay compliant with our evolved Quality Management System procedure, which is attached.